

OPEN MEETING AGENDA ITEM



0000151087

BEFORE THE ARIZONA CORPORATION COMMISSION

Arizona Corporation Commission

COMMISSIONERS

BOB STUMP, Chairman

GARY PIERCE

BRENDA BURNS

BOB BURNS

SUSAN BITTER SMITH

2014 JAN 30 P 3:53

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

DOCKETED

JAN 30 2014

DOCKETED BY

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – TOWN DIVISION
FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01212A-12-0309

ORIGINAL

IN THE MATTER OF THE APPLICATION OF
GLOBAL WATER – PALO VERDE UTILITIES
COMPANY FOR THE ESTABLISHMENT OF JUST AND
REASONABLE RATES AND CHARGES FOR UTILITY
SERVICE DESIGNED TO REALIZE A REASONABLE
RATE OF RETURN ON THE FAIR VALUE OF ITS
PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. SW-20445A-12-0310

IN THE MATTER OF THE APPLICATION OF WATER
UTILITY OF NORTHERN SCOTTSDALE, INC. FOR A
RATE INCREASE

DOCKET NOS. W-03720A-12-0311

IN THE MATTER OF THE APPLICATION OF
WATER UTILITY OF GREATER TONOPAH FOR
THE ESTABLISHMENT OF JUST AND REASONABLE
RATES AND CHARGES FOR UTILITY SERVICE
DESIGNED TO REALIZE A REASONABLE RATE OF
RETURN ON THE FAIR VALUE OF ITS PROPERTY
THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-02450A-12-0312

IN THE MATTER OF THE APPLICATION OF
VALENCIA WATER COMPANY – GREATER
BUCKEYE DIVISION FOR THE ESTABLISHMENT OF
JUST AND REASONABLE RATES AND CHARGES FOR
UTILITY SERVICE DESIGNED TO REALIZE A
REASONABLE RATE OF RETURN ON THE FAIR
VALUE OF ITS PROPERTY THROUGHOUT THE
STATE OF ARIZONA

DOCKET NO. W-02451A-12-0313

GLOBAL'S EXCEPTIONS

1 IN THE MATTER OF THE APPLICATION OF
2 GLOBAL WATER – SANTA CRUZ WATER COMPANY
3 FOR THE ESTABLISHMENT OF JUST AND
4 REASONABLE RATES AND CHARGES FOR UTILITY
5 SERVICE DESIGNED TO REALIZE A REASONABLE
6 RATE OF RETURN ON THE FAIR VALUE OF ITS
7 PROPERTY THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-20446A-12-0314

5 IN THE MATTER OF THE APPLICATION OF
6 WILLOW VALLEY WATER COMPANY FOR THE
7 ESTABLISHMENT OF JUST AND REASONABLE
8 RATES AND CHARGES FOR UTILITY SERVICE
9 DESIGNED TO REALIZE A REASONABLE RATE OF
10 RETURN ON THE FAIR VALUE OF ITS PROPERTY
11 THROUGHOUT THE STATE OF ARIZONA

DOCKET NO. W-01732A-12-0315

12 **GLOBAL'S EXCEPTIONS**

13 **January 30, 2013**
14
15
16
17
18
19
20
21
22
23
24
25
26
27

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

TABLE OF CONTENTS

I.	Introduction	1
II.	The CPI clauses are not discriminatory.....	3
III.	The ROO's CPI condition will cause a host of practical and legal problems	6
	A. The ROO's CPI condition will make it harder for the Commission to set just and reasonable HUFs in the future, thus harming ratepayers	6
	B. The ROO's CPI condition will leave the Commission entangled in ICFA disputes for decades to come	7
	C. The ROO's CPI condition is contrary to established law	8
IV.	Technical corrections and clarifications.....	8
	A. Clarification of effective date if rate phase-ins in 2015 and subsequent years	8
	B. Clarification of de-imputation language.....	9
	C. Technical correction – GWR Global Water Resources Corp.....	9
	D. Technical correction – rate typo	9
V.	Conclusion.....	9

1 **I. Introduction.**

2 The ROO recommends approval of the Settlement Agreement between Global, Staff, RUCO,
3 the City of Maricopa and numerous Homeowners Associations; however, it proposes approval subject
4 to four conditions beyond the Settlement Agreement terms. Global agrees with three of the conditions.
5 However, the fourth condition undermines some of the benefits of the Settlement Agreement and
6 creates potential legal and practical challenges for Global, Staff, RUCO and other signatories. Global
7 requests that the Commission amend the ROO to remove the fourth condition. Moreover, Global has
8 identified a handful of technical corrections to the ROO.

9 Global is thankful for the hard work of the Administrative Law Judge, the Staff, RUCO, the
10 City and the Maricopa HOAs that was necessary to reach this point. The issues in this case are
11 complex, and the parties had many different interests and viewpoints. It was only with great effort,
12 creativity and a spirit of compromise that Global, Staff, RUCO, the City and the Maricopa HOAs¹
13 were able to reach a settlement.

14 To reach this comprehensive settlement agreement required a great deal of understanding –
15 each of the signatories has spent, literally, years thinking about and discussing ICFA's and their
16 impacts on development, water sustainability, and customer rates. Such a widely-supported resolution
17 of such a complex issue should not be changed.

18 As the ROO explains, "As described by the signatory parties... the proposed Settlement
19 Agreement offers a number of creative solutions to issues that would likely be unrealized in a fully
20 litigated case."² Many of the settlement's terms are unique and extraordinary, such as the eight year
21 rate phase-in in Maricopa, or the fact that there will be no rate increase in the first year (2014). Other
22 terms, such as a reduced cost of equity, foregoing lost revenues from the phase-in, and adopting a
23 three-year average for expenses, while not as unusual, are still significant benefits to customers.

24
25
26 ¹ Each Capitalized Term is defined in the Appendix 1 Table of Defined Terms. One of the 14 Maricopa HOAs
did not sign the Settlement Agreement, but that HOA has not opposed the Settlement.

27 ² ROO, page 28, lines 19 to 21.

1 Overall, the settlement represents a 49% decrease to the rate increase requested by the Global
2 Utilities. For Global's largest utilities (Santa Cruz and Palo Verde), the total increase in revenue
3 requirement will be only 15%, and that 15% will only become fully realized at the end of an eight year
4 phase-in. Thus, the ROO correctly concludes that the Settlement Agreement "properly balances the
5 interests of all stakeholders in a manner that will ensure just and reasonable rates" as well as
6 "financially sound utility providers."³

7 The ROO recommends that the Settlement Agreement be approved subject to four conditions.⁴
8 Global agrees with and accepts the first three conditions proposed by the ROO.⁵

9 However, the fourth condition recommended by the ROO is a material modification to the
10 Settlement Agreement and causes great concern to Global. The fourth condition raises legal concerns
11 and creates significant practical challenges for Global, Staff, RUCO and the Commission. The
12 proposed fourth condition is that the CPI clause of each ICFA "will not be applied to funds received
13 from developers for HUFs" thus "eliminating the CPI from the HUF portion of the fees."⁶

14 The ROO claims that the CPI condition is necessary due to the antidiscrimination provisions of
15 the Arizona Constitution and Arizona statutes. But it is not discrimination to hold sophisticated
16 developers to contracts they knowingly signed with Global Parent. Moreover, the only two
17 complaining developers here (SNR and NWP) received great benefits from the ICFAs that will not be
18 available to developers who only pay the HUFs.⁷ In short, they will pay more than the HUFs, but will

19
20 ³ ROO, page 33, lines 3 to 7.

21 ⁴ ROO, pages 29 to 30.

22 ⁵ The three conditions are: 1) "[T]hat developers that are parties to ICFAs may fully fund the applicable HUFs
23 out of the developer payments that are due under the ICFAs. 2) [T]hat developers that are parties to ICFAs may
24 pay the HUF amounts directly to the applicable water or wastewater utilities, rather than to Global Parent, as is
25 currently required under the ICFAs. 3) [T]hat Global Water Resources, Inc., and the Global Water entities, shall
26 submit annual affidavits, signed by the highest officer of each entity, attesting that each of those signatory
27 entities was compliant with the terms of the Settlement Agreement for the prior calendar year." ROO, Page 69,
Lines 9 - 17

⁶ ROO, page 30, lines 15 to 16; ROO, page 31, line 1.

⁷ See e.g. Ex. A-37 (arbitration award finding SNR and NWP received great benefits from the ICFAs); Ex. A-20
(Fleming Rebuttal) at 5-7 (discussing benefits SNR and NWP receive under ICFA); Tr. at 641-43 (hearing
testimony of Mr. Paul Walker regarding competitive advantage gained by SNR and NWP in water rights
obtained through ICFAs).

1 get, and in fact have already gotten, more. Because SNR and NWP are not similarly situated to a new,
2 non-ICFA developer who will only pay a HUF, there is no discrimination.

3 A host of practical problems and legal issues will arise if this condition is approved. The chief
4 practical problem is that the CPI condition greatly reduces the pool of developer funds available in the
5 future to increase the HUF, thus limiting the Commission's future flexibility in keeping rate base
6 down. Additionally, if the ROO's CPI condition is construed as a "material modification" of the
7 ICFAs (and at least some of the 172 ICFA developers will argue that it is), this may result in many of
8 these developers seeking to renegotiate or litigate— a nightmare for Global, and likely embroiling the
9 Commission in ICFA disputes for years to come.

10 The Commission should give little weight to the self-serving objections of these two
11 sophisticated developers. The Commission should simply reject the ROO's proposed fourth condition,
12 thus approving the Settlement Agreement negotiated by Global, Staff, RUCO, the City, and the
13 Maricopa HOAs.

14 **II. The CPI clauses are not discriminatory.**

15 The ROO states that the CPI condition is "necessary to alleviate the discriminatory impact that
16 would occur between developers that have signed ICFAs and those future developers that would be
17 required to pay only the then-applicable HUF fees without a CPI adjustor."⁸ The ROO relies on
18 Article 15, Section 12 of the Arizona Constitution, which provides that:

19
20 All charges made for service rendered, or to be rendered, by public service corporations
21 within this state shall be just and reasonable, and **no discrimination in charges, service,
22 or facilities shall be made between persons or places for rendering a like and
contemporaneous service, except ...**⁹

23 There is simply no discrimination under the Settlement Agreement. A specific HUF rate will
24 be set for each of the Global Utilities, and each developer within that service area will have to pay the
25 applicable HUF – regardless of whether they signed an ICFA or not. Each developer who signed an

26 ⁸ ROO, page 30, lines 16 to 18.

27 ⁹ Arizona Constitution, Article 15, Section 12 (emphasis added).

1 ICFA will pay the exact amount they contracted to pay. Out of that payment each developer will pay
2 the applicable HUF to the applicable Global Utility and the remainder will be paid to the Global
3 Parent. The current developers will pay the *same amount* of HUF as every other developer – the
4 excess amount of the ICFA will not be considered a HUF. As Mr. Olea explained, “[a]s developers
5 pay their obligation per the ICFAs, a portion of those payments will go to the Global individual
6 utilities as HUFs.”¹⁰ As the Settlement Agreement itself states, “a portion of [future ICFA] funds
7 received by Global Parent will be paid to the associated utility as a hookup fee....”¹¹ It is not
8 unreasonable or discriminatory for a sophisticated developer to have to pay the amounts they promised
9 to pay in a contract. Nor is it discriminatory for the Commission to allow these developers to use part
10 of their contractually required ICFA payment to pay for their HUF, in an amount equal to what every
11 other developer pays.

12 Further, ICFAs and HUFs are not “like and contemporaneous”. The services are not “like”,
13 because the ICFA includes numerous provisions and obligations on Global Parent not found in a HUF.
14 And the HUFs are not “contemporaneous” to the ICFAs because the ICFAs were entered into long
15 before any HUF would take effect.

16 This situation is similar to *Marco Crane & Rigging v. Arizona Corp. Comm'n*, 155 Ariz. 292,
17 297, 746 P.2d 33, 38 (Ct. App. 1987). In that case, Marco Crane claimed discrimination because it
18 would have to rebuild a gas line, and future customers would not. The court found no discrimination,
19 and that it would in fact be a windfall to Marco Crane if they did not have to rebuild the gas line and
20 instead received a replacement of its gas lines for free. Here, SNR and NWP have reaped great
21 benefits from the very ICFAs, in place for the last seven years, they now claim are discriminatory.

22 SNR and NWP—the only developers to claim discrimination—are not similarly situated to
23 new developers that will be within the service areas of the Global Utilities. At the time SNR and
24 NWP came to Global and asked for an ICFA, there was no certificated wastewater provider in the
25

26 ¹⁰ Ex. S-5 (Olea Testimony) at 11:10-12.

27 ¹¹ Attachment A to ROO, Settlement Agreement, Section 6.4.1.

1 area, and the water provider was ramshackle and run-down.¹² SNR and NWP had to fix these
2 problems in order to get their permits from Maricopa County. For example, NWP's witness Mr.
3 Jellies explained how he met with multiple senior County officials and "everybody beat the same drum
4 and said we must, if we wanted to develop in this new and emerging area, come up with both a
5 regional and consolidated approach to utilities."¹³

6 SNR and NWP negotiated ICFAs with Global to resolve these problems. To fix the water
7 utility problem, they required Global to purchase a water utility. They also required Global to obtain a
8 wastewater CC&N and 208 permit, so they could receive integrated water and wastewater service as
9 required by Maricopa County.¹⁴

10 Global lived up to its end of the deal, performance that cost Global millions.¹⁵ But SNR and
11 NWP failed to pay, and Global had to take them to arbitration.¹⁶ The arbitrators found that by fixing
12 SNR's and NWP's problems, Global "greatly benefited SNR and NWP and increased the value of
13 their land holdings."¹⁷ Yet now they cry discrimination!

14 Indeed, SNR has not been shy in touting the unique benefits it received under its ICFA. Only a
15 few months ago, SNR told the Bankruptcy Court that SNR needs to "assume" the ICFA (keep it in
16 effect), because in SNR's "sound business judgment," the ICFA is "in the best interest of the Debtor
17 [SNR], its estate, and its creditors" and will "benefit" SNR.¹⁸ SNR has similarly touted the benefits of
18 the ICFA to Maricopa County in asking for its "Development Master Plan" to be renewed.¹⁹

21 ¹² Tr. at 353-353 (NWP witness Rick Jellies); Ex. A-10 (Fleming Direct) at 4-8; Ex. A-20 (Fleming Rebuttal) at
22 2-4.

¹³ Tr. at 294:11-25.

23 ¹⁴ Ex. SNR-1 (O'Reilly Testimony), Exhibit 2 (ICFA with SNR) at pages 16 to 17, § 4.1; Ex. NWP-3 (Jellies
24 Direct) at Exhibit A (Copperleaf ICFA) at pages 16 to 18, § 4.1.

¹⁵ See Ex. A-25.

¹⁶ See Ex. A-37.

25 ¹⁷ See Ex. A-37 (Judgment affirming arbitration award), attached arbitration award, at page 9, lines 12-13.

26 ¹⁸ Ex. A-20 (Fleming Rebuttal) at Exhibit A ("Motion to Assume Infrastructure Agreement"), page 4, lines 19
to 22 and page 5, line 19 to 20.

27 ¹⁹ Ex. A-26 (DMP Renewal Applications) at (hand numbered) page 8.

1 New developers do not face the issues faced by SNR and NWP at the time they entered into the
2 ICFA. Each developer with an ICFA receives service and guarantees not available in a HUF. Thus,
3 these new developers are not similarly situated to SNR, NWP or other ICFA signatories. Considering
4 that the existing ICFA holders have “greatly benefited” from the ICFAs, there is no discrimination in
5 requiring them to honor their contracts.

6 **III. The ROO’s CPI condition will cause a host of practical and legal problems.**

7 **A. The ROO’s CPI condition will make it harder for the Commission to set just and**
8 **reasonable HUFs in the future, thus harming ratepayers.**

9 The Settlement Agreement establishes specific HUFs for each of the Global Utilities.²⁰
10 However, the HUFs will be re-evaluated in future rate cases, and potentially increased. Mr. Walker
11 testified that he “completely” expects Staff and RUCO to seek an increase in the hook-up fee in the
12 very next rate case.²¹ Moreover, the collection of fees for ICFAs is expected to extend for several
13 decades, during which time, inflation will certainly impact construction costs. In each future rate case,
14 the Commission will determine an appropriate HUF considering then-current construction and
15 financing costs and other factors such as what level of CIAC the Global Utilities are using to fund
16 plant.

17 A key factor that the Commission may consider in setting future HUFs will be the increased
18 level of the ICFA fees, due to inflation reflected in the CPI clause. In essence, as ICFA fees increase
19 for inflation under the CPI clause, that will create a pool of funds that can be used to pay future HUFs.
20 It is imperative to bear in mind that the ICFA CPI clauses do not “increase costs” on ICFAs: they
21 simply keep the value of the ICFA fees the same in real dollars, i.e., the value of the ICFA fees must
22 keep pace with inflation. The ICFA CPI clauses maintain the Commission’s flexibility to increase the
23 HUFs in future cases for all developers, including those who entered into ICFAs. But by eliminating
24 CPI on a portion of the ICFA fees, the CPI condition in the ROO would take away this pool of funds,
25 thus potentially limiting the Commission’s ability to increase HUFs in the future.

26 ²⁰ Attachment A to ROO, Settlement Agreement, Section 7.1.

27 ²¹ Tr. 646-647, as quoted in NWP Brief at page 9, lines 1-5.

1 By rejecting the fourth condition in the ROO, in future rate cases where an increase to the HUF
2 is justified, the Commission would maintain its own available headroom—the CPI increase that has
3 occurred since the HUFs were last established—and it can use that headroom to increase the HUF by
4 an appropriate amount. The proposed condition would, perhaps inadvertently, eliminate that
5 headroom.

6 **B. The ROO's CPI condition will leave the Commission entangled in ICFA disputes**
7 **for decades to come.**

8 The Settlement Agreement is designed to comprehensively resolve all issues regarding ICFAs.
9 The Settlement Agreement carefully keeps the ICFAs in place as valid, enforceable contracts, and
10 keeps the existing ICFA fees (including the CPI adjustor) fully in effect, without change. The
11 Settlement Agreement contains detailed provisions regarding the rate impact to the Global Utilities of
12 the ICFA fees, with separate sections covering the rate impact of past funds received under existing
13 ICFAs,²² the rate impact of future funds received under existing ICFAs,²³ and an agreement by Global
14 to not enter in any new ICFAs.²⁴ In short, the Settlement Agreement is careful to not change the ICFA
15 contracts or ICFA fees (including the CPI clause), but only to regulate the rate impact of the ICFA fees
16 on the Global Utilities.

17 Keeping these issues separate allows the Commission to adopt a comprehensive, final
18 resolution to rate impacts of the ICFAs, while keeping the Commission free from directly regulating
19 the ICFAs or ICFA fees. In contrast, by taking some type of jurisdiction over the CPI clause, the ROO
20 may entangle the Commission in an ICFA morass for years to come. Potentially, the language in the
21 ROO could be interpreted to override ICFAs, and instead require developers with ICFAs to pay the
22 full amount of any future HUF, regardless of what the ICFA says.²⁵ But in that case, we would expect
23 a flurry of lawsuits by developers, entangling Global and/or the Commission in litigation for years to
24

25 ²² Attachment A to ROO, Settlement Agreement, Section 6.3.

26 ²³ Attachment A to R OO, Settlement Agreement, Section 6.4.

27 ²⁴ Attachment A to ROO, Settlement Agreement, Section 6.2.

²⁵ See ROO at Page 31, lines 6-8.

1 come determining what the ICFA payment should be, how CPI should be applied, and how the HUF
2 should be funded for developers who signed ICFAs. Nothing would prevent developers or RUCO
3 from asking for further modifications to ICFAs in future cases, including changes to ICFA payments.
4 Moreover, Staff will be stuck analyzing each such attack. Further, if the Commission takes some type
5 of jurisdiction or oversight of the ICFAs, developers would be free to bring to the Commission any
6 and all ICFA disputes against Global (or against other developers), such as the previous arbitration
7 case between Global, SNR and NWP.²⁶

8 **C. The ROO's CPI condition is contrary to established law.**

9 By limiting the CPI clauses of 172 contracts, the proposed CPI condition would "impair the
10 obligation of a contract", violating the contract clause of the Arizona Constitution (Article 2, Section
11 25). Moreover, as Staff pointed out in its Closing Brief, there is strong legal precedent that the
12 Commission "cannot change or modify a contract that was voluntarily entered into between two
13 private parties."²⁷ Staff cited the *General Cable* and *Trico* cases, which hold that contract issues are
14 for the courts.²⁸ The ROO's CPI condition, if approved, arguably invalidates part of the CPI clauses
15 of 172 contracts, thus violating *General Cable* and *Trico*.

16 **IV. Technical corrections and clarifications.**

17 **A. Clarification of effective date of rate phase-ins in 2015 and subsequent years.**

18 As noted above, all of the rates are being phased-in, including lengthy and unprecedented eight
19 year phase-ins for Palo Verde and Santa Cruz. The settling parties had contemplated that each future
20 rate phase in would take place on January 1 of each year. So for example, the 2015 rates would take
21 effect on January 1, 2015, the 2016 rates will take effect on January 1, 2016, and so on. That will
22 match the expected schedule anticipated and agreed to by the parties. Therefore, Global asks that the
23 effective dates of the annual rate phase-ins for 2015 to 2021 be clarified as January 1st of each year .
24

25 ²⁶ See Ex. A-37, Judgment affirming arbitration award.

26 ²⁷ Staff's Brief at 26:7-8.

27 ²⁸ *General Cable Corp. v. Citizens Utilities Co.*, 27 Ariz. App. 381, 555 P.2d 350 (1976); *Application of Trico Elec. Co-op.*, 92 Ariz. 373, 377 P.2d 309 (1962).

1 This has the added benefit of correlating Global's actual financial year (the calendar year) with its
2 regulatory accounting year.

3 **B. Clarification of de-imputation language.**

4 In a footnote, the ROO (page 31, footnote 8) makes a passing, perhaps inadvertent, reference to
5 a "partial" de-imputation of ICFA-related CIAC. However, the Settlement Agreement contemplates a
6 full reversal of the imputation.²⁹ And the full de-imputation is what is otherwise reflected in the ROO
7 and the rate schedules attached to the ROO.³⁰ Thus, the word "partial" should be deleted from
8 footnote 8.

9 **C. Technical correction – GWR Global Water Resources Corp.**

10 The ROO states that "The shares of GWRI are held by GWR Global Water Resources Corp."
11 (ROO at page 10, lines 4-8). This statement is not entirely correct, because it implies GWR Global
12 Water Resources Corp. holds all of the shares to Global Parent. In fact, GWR Global Water
13 Resources Corp. holds only 48.1% of the shares of Global Parent.³¹

14 **D. Technical correction – rate typo.**

15 On page 35, line 16, the ROO reports the 2015 median customer bill to be \$32.36. That is a
16 typo, it should be \$32.46.

17 **V. Conclusion.**

18 The settlement agreement was the result of extensive negotiation between Global, Staff,
19 RUCO, the City of Maricopa, and the Maricopa HOAs. These parties had great differences between
20 their positions, but through hard work and compromise, they were able to craft a solution to the
21 seemingly intractable ICFA issue, as well as all rate issues. The ROO's CPI condition is a material
22 modification to the Settlement Agreement, which raises a host of practical and legal problems. The
23 condition is unnecessary because there is no "discrimination." Holding sophisticated parties to the
24 contracts they voluntarily signed, while imposing a uniform hook-up tariff is in no way discriminatory.

25
26 ²⁹ See e.g. Attachment A to the ROO, Settlement Agreement, at Section 6.3.2.

27 ³⁰ See e.g. ROO, page 29, line 9.

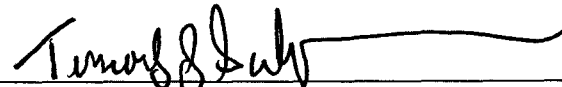
³¹ See Decision No. 72730 (January 6, 2012) at page 2, lines 11 to 16; see also Tr. at 662:7-14 (Walker).

1 Thus, the Commission should reject the CPI condition and affirm the Settlement Agreement as
2 written. Suggested language for an amendment to do so is attached as Appendix 2.

3 Lastly, the Commission should approve the technical corrections and clarifications described
4 above. Suggested language for an amendment to address these technical issues is attached as
5 Appendix 3.

6
7 RESPECTFULLY SUBMITTED this 30th day of January, 2014.

8 ROSKA DEWULF & PATTEN, PLC

9
10 By 
11 Michael W. Patten
12 Timothy J. Sabo
13 One Arizona Center
14 400 East Van Buren Street, Suite 800
15 Phoenix, Arizona 85004

Attorneys for Global Utilities

16 Original +13 copies of the foregoing
17 filed this 30th day of January 2014, with:

18 Docket Control
19 Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

20 Copies of the foregoing hand-delivered/mailed
21 this 30th day of January 2014 to:

22 Dwight D. Nodes, Esq.
23 Assistant Chief Administrative Law Judge
24 Hearing Division
25 Arizona Corporation Commission
1200 West Washington
Phoenix, AZ 85007

1 Janice Alward, Esq.
2 Chief Counsel, Legal Division
3 Arizona Corporation Commission
4 1200 West Washington
5 Phoenix, AZ 85007

6 Steven M. Olea
7 Director, Utilities Division
8 Arizona Corporation Commission
9 1200 West Washington
10 Phoenix, AZ 85007

11 Garry D. Hays, Esq.
12 The Law Offices of Garry D. Hays, PC
13 1702 East Highland Avenue, Suite 204
14 Phoenix, AZ 85016

15 Jeffrey W. Crockett, Esq.
16 Brownstein Hyatt Farber Schreck, LLP
17 One East Washington Street, Suite 2400
18 Phoenix, Arizona 85004

19 Daniel W. Pozefsky, Esq.
20 Chief Counsel
21 Residential Utility Consumer Office
22 1110 West Washington Street, Suite 200
23 Phoenix, Arizona 85007

24 Lawrence V. Robertson, Jr., Esq.
25 Of Counsel, Munger Chadwick
26 P.O. Box 1448
27 Tubac, Arizona 85646
Attorney for the City of Maricopa

28 Denis M. Fitzbibbons, Esq.
29 Fitzgibbons Law Offices, P.L.C.
30 1115 E. Cottonwood Lane, Suite 150
31 Casa Grande, AZ 85122
32 Attorney for the City of Maricopa

Willow Valley Club Association
c/o Gary McDonald, Chairman
1240 Avalon Avenue
Havasupai City, AZ 86404
Phone: 951-741-6433

Steven P. Tardiff
44840 W. Paitilla Lane
Maricopa, AZ 85139

Andy and Marilyn Mausser
20828 North Madison Drive
Maricopa, AZ 85138

Robert J. Metli, Esq.
Munger Chadwick, PLC
2398 E. Camelback Road, Suite 240
Phoenix, Arizona 85016

Barry W. Becker
Bryan O'Reilly
SNR Management, LLC
50 S. Jones Blvd., Suite 101
Las Vegas, Nevada 89107

Michele Van Quathem, Esq.
Ryley Carlock & Applewhite
One North Central Avenue, Suite 1200
Phoenix, AZ 85004-4417

William P. Sullivan, Esq.
Curtis, Goodwin, Sullivan, Udall & Schwab
501 East Thomas Road
Phoenix, AZ 85012-3205
Attorney for the Willow Valley Club
Association

By 

APPENDIX 1

TABLE OF DEFINED TERMS

<i>Term</i>	<i>Definition</i>
208	Approved Plan Amendment in accordance with Section 208 of the Clean Water Act
ACC	Arizona Corporation Commission
CIAC	Contribution in Aid of Construction
CC&N	Certificate of Convenience and Necessity
City	The City of Maricopa, Arizona
CPI	Consumer Price Index, calculated in accordance with a formula set forth in each ICFA
Ex.	Exhibit
Global	The Global Utilities and their ultimate parent company, Global Water Resources, Inc.
Global Parent	Global Water Resources, Inc.
Global Utilities	Global Water – Palo Verde Utilities Company, Global Water – Santa Cruz Water Company, Valencia Water Company – Town Division, Valencia Water Company – Greater Buckeye Division, Water Utility of Greater Tonopah, Willow Valley Water Co., Water Utility of Northern Scottsdale Hassayampa Utility Company, Inc., Global Water – Picacho Cove Utilities Company and Global Water – Picacho Cove Water Company. (The last three are intervenors, and do not have pending rate applications).
HUF	Hook Up Fee
ICFA	Infrastructure Coordination and Finance Agreement, also sometimes termed an Infrastructure Coordination, Finance and Option Agreement
Maricopa HOAs	The following Maricopa Arizona Home Owner's Associations: Acacia Crossings Homeowners Association, Alterra Homeowners Association, Cobblestone Farms Homeowners Association, Desert Cedars Homeowners Association, Desert Passage Community Association, Glennwilde Homeowners Association, Homestead North Homeowners Association, Maricopa Meadows Homeowners Association, Province Community Association, Rancho El Dorado Homeowners Association, Rancho El Dorado Phase III Homeowners Association, Rancho Mirage Master Planned Community Homeowners Association, Senita Community Association, and Sorrento Community Master Association

<i>Term</i>	<i>Definition</i>
NWP	New World Properties, Inc.
Palo Verde	Global Water – Palo Verde Utilities Company, and where appropriate, its predecessor companies including Palo Verde Utilities Company, LLC
ROO	The Recommended Opinion and Order issued on January 21, 2014 in these consolidated dockets, as corrected by notice of errata on January 24, 2014
RUCO	Residential Utility Consumer Office
Santa Cruz	Global Water – Santa Cruz Water Company, and where appropriate, its predecessor companies including Santa Cruz Water Company, LLC
SNR	Sierra Negra Ranch, LLC
Staff	The Utilities Division of the Arizona Corporation Commission
Tr.	Transcript of the evidentiary hearing in these dockets.

Appendix 2

Suggested Amendment Language – CPI issue

(1) DELETE page 30, line 13 to page 31, line 13 (including footnote 8)

(2) INSERT at page 31, line 15, the following:

The HUF is not discriminatory. Each Global utility will have a single, uniform HUF that all developers will have to pay whether they have an ICFA contract or not. There is no discrimination because the ICFAs are not the same as the HUFs; each ICFA provides for benefits and services beyond what a HUF will provide.

(3) DELETE page 68, lines 18 to 19.

MAKE ALL CONFORMING CHANGES

Appendix 3

Suggested Amendment Language – Technical Corrections

- (1) Page 67, line 28, after 2014, INSERT a new sentence as follows: “Thereafter, each annual rate phase will take effect on January 1st of each year, beginning with January 1, 2015.”
- (2) Page 31, footnote 8, DELETE the word “partial”
- (3) Page 10, lines 4-8, DELETE the sentence “The shares of GWRI are held by GWR Global Water Resources Corp.” and INSERT the following “GWR Global Water Resources Corp. owns 48.1% of the shares of GWRI.”
- (4) Page 35, line 16, DELETE “\$32.36” and INSERT “\$32.46”.

MAKE ALL CONFORMING CHANGES